

Istanbul Chamber of Industry Istanbul PMI® Manufacturing Index

Business conditions continue to improve

November 2017

Key findings:

- PMI registers at 51.5, signalling further growth in Istanbul manufacturing sector
- Higher volumes of output and new orders
- Capacity expands as firms increase employment and purchasing activity

Summary

The Istanbul Manufacturing PMI® signalled another improvement in the health of the city's goods-producing sector in November. The survey indicated that output and total new orders rose further, although at a slower pace. Businesses reacted to higher underlying demand by expanding their capacity. Purchasing activity continued to grow, while workforce numbers increased at an accelerated rate. As a result, companies managed to work through their outstanding business at the quickest pace observed in 2017 so far.

The headline Istanbul Chamber of Industry Istanbul Manufacturing PMI is a composite single-figure indicator of manufacturing performance. It is derived from indicators for new orders, output, employment,

suppliers' delivery times and stocks of purchases. Any figure greater than 50.0 indicates overall improvement of the sector.

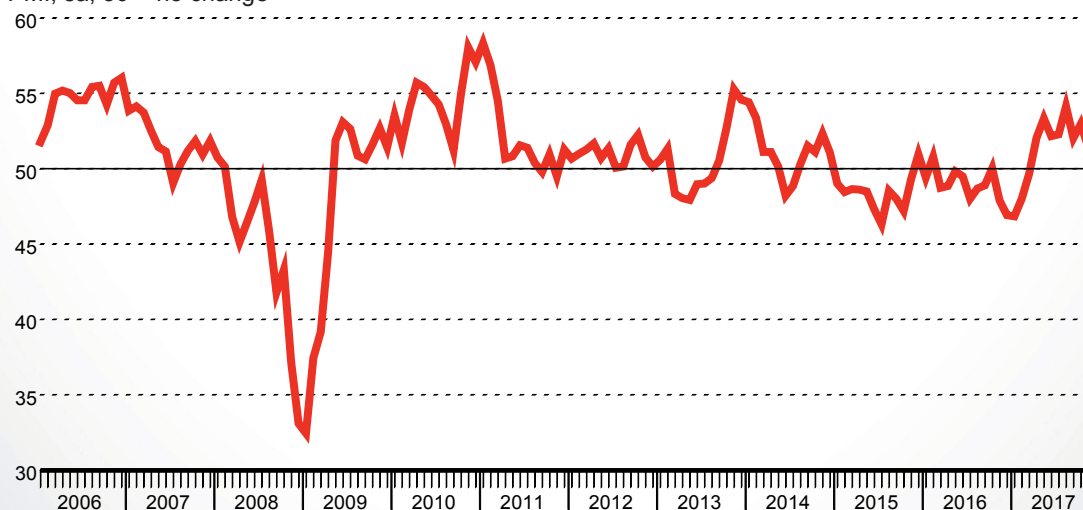
The PMI registered 51.5 in November, down from 53.0 in October. This signalled a further improvement in business conditions at Istanbul manufacturers, the eighth in as many months. Moreover, the headline figure remained above the long-run average (50.6).

Output continued to grow at Istanbul manufacturers in November. Despite easing slightly from October, the pace of expansion remained solid and above the series average. Furthermore, this lengthened the current period of growth to nine months, the longest sequence of successive expansion in over six years. Survey respondents often commented that higher

continued...

Historical overview

PMI, sa, 50 = no change



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underlying demand was responsible for the rise.

Volumes of new business received by Istanbul manufacturers increased in November, marking an eighth consecutive month of growth. For the first time in seven months, the volume of new work from abroad rose at a faster rate than new business total.

Firms responded to higher demand by increasing their capacity in November. Notably, job creation ticked up, as had been the case in the previous survey period. Furthermore, companies continued to increase their purchasing activity, enabling them to work through outstanding business. That said, higher purchasing activity contributed to a further lengthening of suppliers' delivery times.

Elsewhere, price pressures increased at Istanbul manufacturers in November, with an uptick in both input and output price inflation. Nonetheless, data suggested that firms partially absorbed higher purchase costs.

Comment

Commenting on the Istanbul Chamber of Industry Istanbul Manufacturing PMI survey data, Gabriella Dickens, Economist at IHS Markit, said:

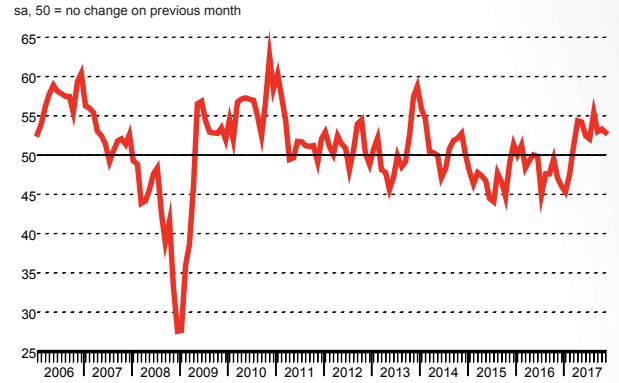
"The PMI for Istanbul remained above 50.0 signalling a further improvement in the performance of the city's manufacturing sector in November. This reflected sustained rises in output, new orders and employment. Elsewhere, respondents noted an uptick in cost burdens due to the unfavourable exchange rate."

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Output Index

Q. Please compare your production/output this month with the situation one month ago.

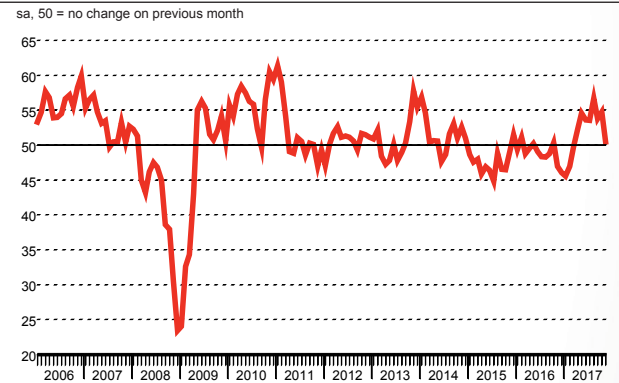
Manufacturing output in Istanbul increased for the ninth successive month in November. Though the rate of growth eased slightly from October, it remained solid and above the series average since January 2006. Respondents linked the rise in production to higher underlying demand and favourable market conditions.



New Orders Index

Q. Please compare your new orders received (in units) this month with the situation one month ago.

Incoming new business received by manufacturers based in Istanbul rose for the eighth successive month in November, marking the longest sequence of growth for over three years. Rising inflows of new orders were attributed to an increase in demand from both domestic and foreign consumers.



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Istanbul Chamber Of Industry

Driving strength from her members' contributions to Turkish economy and since her foundation in 1952, Istanbul Chamber of Industry (ICI) stands out as Turkey's largest chamber of industry and one of the most powerful representatives of Turkish industry. The added value generated by ICI members represents about 36% of the total added value propagated by Turkish industry. ICI members actualize approximately 34% of production of Turkish industry. Almost 40% of Turkey's Top 500 Industrial Enterprises consists of ICI members.

ICI promotes the sustainable development of Turkish industry and contributes the improvement of her competitiveness via offering innovative services to her members. For this purpose, she develops new projects and services to the use of industrialists in crucial fields such as; innovation, technology development, university-industry cooperation, vocational training, international relations, environment and energy with local and international partnerships.

Generating and conducting economic researches together with gathering data, ICI holds the widest knowledge on Istanbul industry whilst giving direction to Turkish industrialists and providing intense contribution for shaping economic and industrial policies.

About IHS Markit:

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and expertise to forge solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 key business and government customers, including 85 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

About PMI:

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely-watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. To learn more go to www.markit.com/product/pmi.

Notes to Editors:

The Istanbul Chamber Of Industry Istanbul Manufacturing PMI® (Purchasing Managers' Index™) is produced by IHS Markit. The report features original survey data collected from a representative panel of around 300 companies based in Istanbul's manufacturing sector. The panel is stratified by Standard Industrial Classification (SIC) group, based on the industry contribution to GDP.

Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

IHS Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from IHS Markit. Please contact economics@ihsmarkit.com.

The Manufacturing Purchasing Managers' Index (PMI) is a composite index based on five of the individual indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers' Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times Index inverted so that it moves in a comparable direction.

The Purchasing Managers' Index (PMI) survey methodology has developed an outstanding reputation for providing the most up-to-date possible indication of what is really happening in the private sector economy by tracking variables such as sales, employment, inventories and prices. The indices are widely used by businesses, governments and economic analysts in financial institutions to help better understand business conditions and guide corporate and investment strategy. In particular, central banks in many countries (including the European Central Bank) use the data to help make interest rate decisions. PMI surveys are the first indicators of economic conditions published each month and are therefore available well ahead of comparable data produced by government bodies.

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